

JUSTICE NEWS

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Furukawa Electric Co. Ltd. and Three Executives Agree to Plead Guilty to Automobile Parts Price-Fixing and Bid-Rigging Conspiracy

Company Agrees to Pay \$200 Million Criminal Fine; Executives Agree to Serve Prison Time

WASHINGTON – Furukawa Electric Co. Ltd., a supplier of automotive wire harnesses and related products, headquartered in Tokyo, has agreed to plead guilty and to pay a \$200 million fine for its role in a criminal price-fixing and bid-rigging conspiracy involving the sale of parts to automobile manufacturers, the Department of Justice announced. Three executives, who are Japanese nationals, have also agreed to plead guilty and to serve prison time in the United States ranging from a year and a day to 18 months. These are the department's first charges as a result of its ongoing international cartel investigation of price fixing and bid rigging in the auto parts industry.

According to four separate one-count felony charges filed today in U.S. District Court for the Eastern District of Michigan in Detroit, Furukawa and its executives – Junichi Funo, Hirotsugu Nagata and Tetsuya Ukai – engaged in a conspiracy to rig bids for and to fix, stabilize and maintain the prices of automotive wire harnesses and related products sold to customers in the United States and elsewhere. Automotive wire harnesses are automotive electrical distribution systems used to direct and control electronic components, wiring and circuit boards in cars.

"As a result of this international price-fixing and bid-rigging conspiracy, automobile manufacturers paid noncompetitive and higher prices for parts in cars sold to U.S. consumers," said Sharis A. Pozen, Acting Assistant Attorney General in charge of the Department of Justice's Antitrust Division. "This cartel harmed an important industry in our nation's economy, and the Antitrust Division with the Federal Bureau of Investigation will continue to work together to ensure that these kinds of conspiracies are stopped."

"When companies partner to control and price fix bids or contracts, it undermines the foundation of the United States' economic system," said FBI's Special Agent in Charge Andrew G. Arena. "The FBI is committed to aggressively pursuing any company involved in antitrust crimes."

According to the plea agreements, which are subject to court approval, Furukawa, Funo, Nagata and Ukai have all agreed to assist the department in its ongoing investigation into the automotive parts industry.

Furukawa has agreed to plead guilty for its role in a conspiracy to rig bids for and to fix the prices of the sale of automotive wire harnesses and related products sold to automobile manufacturers in the United States and elsewhere. The department said that Furukawa participated in the conspiracy from at least as early as January 2000, until at least January 2010.

According to the plea agreements, Funo, Nagata and Ukai have agreed to plead guilty for their roles in the conspiracy and to serve prison time in the United States of a year and a day, 15 months and 18 months, respectively. The department said that Funo, Nagata and Ukai participated in the conspiracy at various times from at least as early as April 2003, until at least July 2009. Funo worked in the Honda sales division of Furukawa in Japan and in the United States as a sales representative, assistant general manager and manager. Nagata was employed by a Furukawa subsidiary in the United States as a general manager of sales and chief financial officer, and by a related joint venture as marketing manager. Ukai worked in Japan in the Honda sales division of Furukawa as a manager, unit chief and general manager.

During at least part of the conspiracy period, Funo and Nagata were employed and engaged in price fixing in the Detroit area.

According to court documents, Furukawa, Nagata, Funo, Ukai and their co-conspirators carried out the conspiracy by agreeing, during meetings and conversations, to allocate the supply of wire harnesses and related products on a model-by-model basis and to coordinate price adjustments requested by automobile manufacturers in the United States and elsewhere. They sold automotive wire harnesses and related products to automobile manufacturers at noncompetitive prices and engaged in meetings and conversations for the purpose of monitoring and enforcing adherence to the agreed-upon bid-rigging and price-fixing scheme.

Furukawa is charged with price fixing in violation of the Sherman Act, which carries a maximum \$100 million criminal fine for a corporation. Funo, Nagata and Ukai are also charged with a violation of the Sherman Act, which carries a maximum sentence of 10 years in prison and a \$1 million criminal fine for an individual. The maximum fine for both a company and an individual may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

Today's charges are the first to arise from an ongoing federal antitrust investigation into bid rigging, price fixing and other anticompetitive conduct in the automotive parts industry, which is being conducted by the Antitrust Division's National Criminal Enforcement Section, and the FBI's Detroit Field Office. Anyone with information concerning the focus of this investigation is urged to call the Antitrust Division's National Criminal Enforcement Section at 202-307-6694 or the FBI's Detroit Field Office at 313-965-2323.

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Antitrust Division

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